



Written by [Michael Tennant](#) on April 9, 2014

Survey: Health Insurance Premiums Rising Sharply Under ObamaCare

Given the official name of ObamaCare, the Patient Protection and Affordable Care Act (ACA), one might think its purpose was, at least in part, to make healthcare affordable. If so, it has utterly failed, according to the latest Morgan Stanley survey of insurance brokers. That survey finds that individual and small-group insurance premiums, after falling for a few quarters, began climbing in late 2012 and are now increasing at double-digit — in some states, *triple-digit* — rates. What's more, the financial-services company's analysts place the blame for the rate hikes almost entirely on ObamaCare.



On a quarterly basis, Morgan Stanley has been canvassing brokers who sell coverage in the individual and small-group markets since 2011. Those [surveys](#) found that premiums rose by negligible amounts in early 2011 and then actually began falling by about one percent each quarter through the third quarter of 2012. Then, as the deadline for full ACA implementation approached, premiums began to rise — about two percent per quarter at first, considerably more quickly in late 2013, and now at rates of about 11 percent per quarter in the individual market and 12 percent per quarter in the small-group market.

The April survey of 148 insurance brokers “shows the largest acceleration in small and individual group rates in any of the 12 prior quarterly periods when it has been conducted,” notes *Forbes*' [Scott Gottlieb](#). And as bad as 11- and 12-percent rate hikes sound, he adds, “some state [sic] show increases 10 to 50 times that amount.” For instance, individual rates have risen by 28 percent in Pennsylvania, 53 percent in California, 90 percent in New Hampshire, and 100 percent in Delaware. Small-group rates, meanwhile, have increased by 23 percent in Nevada, 25 percent in both Maryland and Missouri, 34 percent in Indiana, 66 percent in Pennsylvania, and a whopping 588 percent in Washington.

Why the sudden spike in insurance premiums in recent quarters? Morgan Stanley's analysts concluded that “increases are largely due to change under the ACA.” First, they fingered the law's restrictions on commercial underwriting, which force insurers to cover all applicants at roughly the same rates regardless of pre-existing conditions. Second, they cited rules narrowing the differences between rates for old and young beneficiaries, which primarily drive up rates for the young. Third came new taxes on insurance plans, the proceeds of which are given to insurers incurring losses caused by the ACA's interference in the insurance market; Humana, for example, has already announced that it will need [\\$250 million to \\$450 million](#) in such bailouts this year. Finally, the analysts pointed to ObamaCare's numerous mandated benefits — benefits for which Americans are forced to pay whether they want them or not.

Of course, as ObamaCare supporters have long argued, the law also provides generous subsidies that may offset those increased costs for many people. In fact, the Congressional Budget Office projects that



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[83 percent of those enrolling in coverage on the exchanges will receive subsidies this year.](#) Those subsidies, however, decrease with rising income, so even with them, many families will still be paying much more for coverage this year than they did last year; and those who buy coverage outside the exchange will receive no subsidies, only larger insurance bills. Worse still, many families were forced to seek new coverage solely because their previous policies, which they may have liked, were banned by ObamaCare for failing to live up to Washington's pipe dreams.

The huge number of subsidized enrollees is also cause for concern because, as [Corie Whalen](#) of Generation Opportunity observes, it "essentially means that Obamacare is the new unsustainable entitlement its critics always said it would be."

Thus, in terms of both insurance premiums and taxes, the ACA is making healthcare anything but affordable. Considering how well Uncle Sam's efforts at making such things as housing and higher education affordable have turned out, no one should be surprised.



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